

Global issues

As a global financial services provider operating in around 70 markets, the success of our business is heavily affected by a variety of global and long-term issues.

To ensure our sustainable and profitable growth, we place a high priority on monitoring, analyzing and responding to the challenges and opportunities these issues present in the short-, medium- and long-term. There are three global issues most relevant to our business.



Access to finance

The people most vulnerable to risks associated with natural disasters, accidents and illness are those with low-incomes in developing countries. Our growing microinsurance portfolio helps millions of people to protect themselves and build a more secure future. We also promote financial literacy in both developed and developing countries to help individuals make well-informed decisions today and for the future.



Climate change

Global warming threatens to radically change our climate. This poses a major risk to the global economy and our business. We have been implementing a Group-wide strategy covering climate-related risks and opportunities, covering the insurance and asset management products and services we offer our customers, how we invest our own assets, as well as the environmental footprint of our operations.



Demographic change

While the urban populations of Asia and Africa are expanding, Western populations are aging and their workforces shrinking. With more over 60s than ever before, declining birth rates and the sovereign-debt crisis, social security systems in the West are under pressure. In developing countries, the need for formal social security systems is growing due to the weakening of traditional family ties and support networks. Allianz is responding to these trends through integrated asset management and insurance solutions.



Contents

CEO Statement	1
The Past	3
1890 – 1918: The First Years and the First World War	4
1918 – 1933: Crises, Rationalization, and Growth	5
1933 – 1948: Allianz: The Nazi Years and Reconstruction	6
1948 – 1970: The Economic Miracle and Unlimited growth	7
1970 – 1990: Paths of Internationalization	8
1990s – 2013: The International Financial Services Provider	9
The Present	11
A Trusted Company	12
A Committed Corporate Citizen	13
An Attractive Employer	14
A Sustainable Insurer	15
A Responsible Investor	16
The Future	17
Access to Finance	18
Climate Change	21
Demographic Change	24
External recognition	27

CEO Statement

In 2015, Allianz looks back on its 125-year history. From this, we learn that the impact of technological and social innovations is accelerating.

The knowledge and understanding of these developments has increased even more so – and with them, our responsibility.

As an insurer and investor, we must identify such trends early and develop suitable financial solutions. Only then can we successfully protect our future and that of our customers.

Long-term and holistic risk management characterize our approach. Our goal is to make environmental protection, social responsibility and good corporate governance an integral part of our business. Dialogues with stakeholders help us to prioritize the topics with which we can generate sustainable value for our customers and for society.

Through such dialogues, we also recognize that our stakeholders see us from different perspectives: some see us as an insurer or investor, for others we are an international company or a global employer. Above

all, we are a part of society. In our latest Sustainability Report, we describe how we carry out our responsibilities in these different roles.

As before, three global issues are central for our customers and our business: demographic change, climate change and access to financial services. In 2014, we have made the following progress:

We address **demographic change** and the continuing low-interest rate environment through the prudent and long-term investment of our customers' pensions. Internally, we focus on programs that support work-life balance, strengthen teamwork and help deal with stress.

Furthermore, we want to develop more female leaders and, at the end of 2014, 36.2 percent of managers were women.

Climate change helps drive the expansion of our investments in renewable energy as well as a variety of green solutions. We have also reduced our own CO₂ emissions (by 41.3% compared to 2006). Playing an important role in this is energy consumption, which we were able to reduce by 27.2 percent compared to 2010.

Our remaining carbon footprint is offset through direct investments in climate protection projects, making us carbon neutral since 2012.

Allianz offers **access to financial services** to over 44 million people with low incomes in eleven countries in Asia, Africa and South America. Microinsurance provides protection against the risks in life and enables prosperity. We also promote financial literacy. In 2014, 720 voluntary Allianz "My Finance Coaches" helped teach over 219,000 students about financial basics.

By signing the United Nations Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI), we have committed to also encourage sustainable practices with our customers, business partners and competitors. We are therefore engaged in pilot projects and dialogues with policy makers and representatives of civil society.

The satisfaction of our customers, shareholders and employees, as well as sustainable, profitable growth, remain the measures for our success in 2015. External recognition of our efforts from the leading sustainability ratings further motivates us: Allianz has maintained leading positions in the Dow Jones Sustainability Index since its establishment 15 years ago.



As important as it is to prepare for the future, we gladly share the experiences of our past. I invite you to visit our website (www.allianz.com/sustainability) and am delighted if you continue to actively follow us.

Michael Diekmann

Chairman of the Board of Management
Allianz SE



1890

 **1890**
Allianz
founded

The Past

The 20th century saw unprecedented change. The world has evolved, and Allianz has evolved with it. The company has grown from a small office in Berlin to a global organization, surviving two world wars, economic collapse, political upheaval and an increasingly demanding and mobile customer base. And, along the way, has encountered issues such as the role of women in the workplace, the use of IT, environmental awareness and employee rights.



1890 – 1918

The First Years and the First World War

On February 5, 1890, the Allianz Insurance Corporation was founded, and seven years later Allianz moved into its head office in Berlin.

Allianz employed “white-collar” male workers who could calculate and write, and anyone with the desirable skill of calligraphy stood a better chance of promotion.

These “insurance officials” received employee benefits such as health insurance, pension, and daily lunch, whilst earning 60 - 110 Marks per month; more than a Hamburg dockyard worker could expect in a year.

Diversity was not really a priority, and in 1900 there was still not a single female employee. The 3,000 insurance agents were also all male.

The main focus was transportation insurance, but strategic mergers enabled Allianz to introduce new products such as bicycle and fire insurance.

By 1914, Allianz was the largest property insurer in Germany, and 20% of all premiums came via international branches and brokers. However, war soon put a halt to this growth. In the first year of World War I, 40% of employees enlisted, and for the first time Allianz employed women.



1895

750 Marks – Allianz’s debut share price on Berlin stock exchange



1900

1.6 bn - World population

1918 – 1933

Crises, Rationalization, and Growth

Allianz faced many challenges in the post-war period, including restrictions on international business, the threat of nationalizing insurance, and rapid inflation that caused a huge rise in administrative costs.

Despite this, there was unimaginable growth in the 1920s. At the end of the war, there were around 800 employees, and by 1932 this number had grown to almost 9,000. Premium income also increased by more than 500%.

Mergers and partnerships offered international business opportunities that helped manage threats such as hyperinflation, and made Allianz the largest insurer in Europe.

Allianz also benefited from new innovation. During the 1920s, car insurance was one of the biggest growth areas for Allianz, and the company became a leading life insurer shortly after entering the market in 1922.

Allianz was also quick to utilize new technology in its operations, using new machinery and introducing punched-card systems to simplify and rationalize work processes.

The concept of 'Communication' was introduced, with employee and customer publications, a new company logo and an advertising and public relations strategy. Awards and additional employee benefits helped motivate the workforce.

1923

500,000,000,000,000
paper Marks – Allianz share
price during hyperinflation



1933

6 mn cars registered
in Europe

Having opened the doors to female employees during the war, Allianz continued to offer women jobs, predominantly in the areas of typing, housekeeping and switchboard.

1933 – 1948

Allianz: The Nazi Years and Reconstruction

Allianz forged strong links with the National Socialist party during their rise to power, mainly through Allianz Director General Kurt Schmitt who became the Reich Economics Minister.

Against a backdrop of political turbulence, Allianz grew in every area; premium income, reserves, number of policies and employees. By 1940 Allianz Leben was the biggest life insurer in continental Europe, however it became increasingly difficult to conduct business abroad.

By 1945 Allianz was technically bankrupt. Real estate had been destroyed, foreign assets were confiscated and premiums were not being paid. Allianz had invested heavily in government bonds, and these were now worthless. In addition, former Jewish employees and clients started to claim compensation from Allianz for the persecution they had suffered during the Nazi regime.

Allianz resumed operations just a few weeks after the end of the war. In 1948, the currency reform began, the German economy started to recover, and Allianz moved its head office to Munich.

1944



8,700 Allianz employees called up to fight in the War

The success of Allianz during the war reflected the military success of Germany, as the company expanded into occupied territories in Europe.



1948 – 1970

The Economic Miracle and Unlimited growth

As Germany reconstructed, so too did Allianz, and by 1949 premiums from property insurance were at pre-war levels.

This growth was largely driven by the workforce and the agents, who wanted to build a stable future. Allianz tried to repay this loyalty and motivation. In 1958, the Allianz staff magazine published an article about the changing relationship between management and staff. The employee pension plan was modernized, salaries quadrupled and, from 1960, Saturday stopped being a working day.

Car insurance became a key sector for Allianz. Cross selling was the new tool for agents, and by 1970 about 50% of all property insurance premium revenues were related to cars.

The strength of the brand grew thanks to an innovative advertising campaign featuring cheerful caricatures and stories in pictures, and a new, contemporary slogan, “Hopefully insured by Allianz.”

The first IBM mainframe computer was installed in Munich in 1956, and by the end of the 1960s, there were networked mainframes across the company.



1948

Germany introduced the D-Mark



Allianz hired new insurance agents, offered them training and set up the Heß-Club, named after the legendary “father of the sales force,” to recognize the most successful agents.



1948

Universal Declaration of Human Rights adopted



1970 – 1990

Paths of Internationalization

The post-War success ended abruptly in 1970. With fatalities from road accidents at an all-time high, and the cost of oil creeping up, Allianz reported first-time losses in its car insurance sector. In contrast, the life insurance sector grew steadily but Allianz still searched for new product offerings.

The company decided to try the novel idea of linking insurance and finance, and so the asset management business of Allianz was born.

New technology also had an impact internally. Computer terminals and electronic data entry devices transformed work processes and reduced costs. Over the next 20 years, more workflows were managed by computers, and the first personal computer was introduced in the early 1980s.

In 1977 Allianz started to look more like the company we know today. A corporate design and image was created, and Allianz became blue.



1990

The Berlin
Wall
dismantled

The 1970s was all about innovation. Allianz conducted research in nuclear energy and offered related insurance. The Allianz Center

for Technology researched automotive damage and tested new safety features such as the seat belt, airbag and automatic immobilizer.

As mobility increased, the world became smaller and internationalization was once again a priority.

When the Iron Curtain fell, new markets appeared in East Germany and across Europe. With the company expanding across the world, Allianz stopped being a “German insurance company” and took on a new identity as a leading international financial services provider.



1990s – 2013

The International Financial Services Provider

The 1990s saw changes in leadership style, an increase in teamwork and a new, more open communication with employees, clients and the media. Transparency became more important and Allianz introduced accounting according to international standards.

Rapid acquisitions across the globe, including major expansion in Asia, created a vast, decentralized and multi-brand organisation.

In 2004, Allianz offered its first microinsurance product in India to help low-income individuals protect themselves and their families against the risks associated with natural disasters, accidents and illness.

The new millennium has seen Allianz become a Societas Europaea (a European company), and a centralized, single-branded organization, with a customer-centric Operating Model.

As Allianz grew older, so too did customers. Allianz Asset Management was founded in 1998 to meet the increasing demand for pensions and other long-term financial investment.

Allianz started to look outside its own business more, exploring ways in which it could contribute to the environment, society and culture. The Allianz Environmental Foundation was established and, ten years later, was joined by the Allianz Cultural Foundation.



2012

1st female Allianz
board member

Even during the financial crisis of 2008, Allianz managed to achieve sustainable and profitable growth. The success of the company is built on solid foundations that are more than a century old, and Allianz continues to respond to whatever challenges and opportunities may appear.



The journey continues

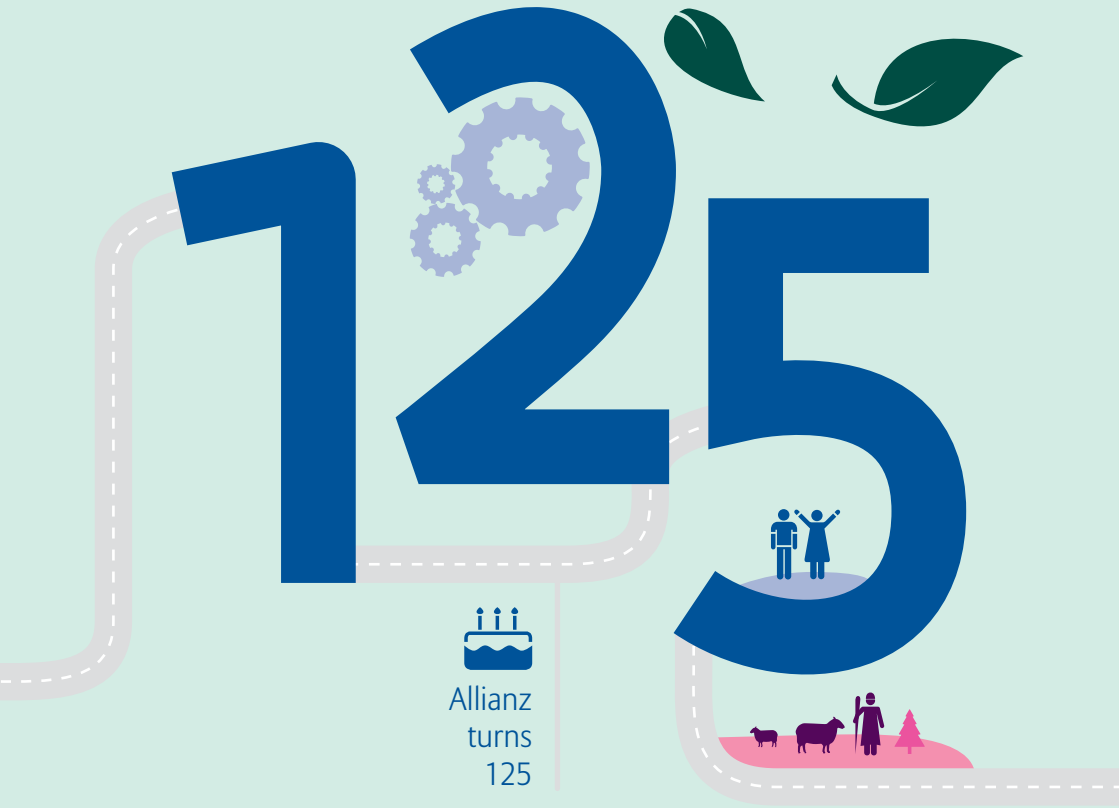


2014
2.7 bn
low-income
people



2014
78.9 yrs – av. life
expectancy





The Present

The long-term success of our business is heavily affected by a variety of global issues. In the current economic environment, financial stability is a fundamental concern for our customers. The global changes in demographics are reflected in both our customer base, and in our workforce. Climate change continues to be an issue that impacts everyone, and is a key topic for the insurance industry.



A Trusted Company

In addition to complying with laws and regulations, we aim for transparency in business activities, and treat customers, employees and partners with integrity and honesty. We are committed to minimizing environmental impact and are constantly working to achieve “low-carbon operations.”

We have a vision of one global Allianz brand. Our communications are based on real people sharing real experiences, and are supported by global sponsorship in the areas of sport, music and culture.

These activities don't just publicize the Allianz brand, but also benefit the community with partnerships that promote, for example, road safety, youth programs, environmental protection and diversity in sport.

To be successful, we have to find out what our customers need and want, and integrate that into our products, services and processes. Our key tool for measuring customer loyalty is the Net Promoter Score, which assesses willingness to recommend Allianz.

Compliance is essential to create a culture of integrity, and so we have numerous programs in place, including whistleblowing, anti-corruption and data protection. All employees receive compliance training and we include sustainability standards in our contracts with suppliers.



41.3%
CO₂ reduction
since 2006

There is a global need to stabilize and significantly reduce CO₂ emissions to avoid irreversible changes to our planet. Allianz wants to play a leading role in the development of a low-carbon economy, including reducing the physical impact we have. In addition to reducing our energy and paper usage and business travel, we have been a carbon-neutral business since 2012.



A Committed Corporate Citizen

Allianz aspires to be a good corporate citizen by contributing to the communities in which we operate. We strive to advance local social well-being and support informed decision-making at a governmental level, as part of our vision to build a strong financial community.

We want to create a political environment that supports Allianz's development and that of our stakeholders. We therefore have ongoing dialogue with governments, public institutions and political parties on key economic, governmental and societal issues.



€ 20.9 mn
donated



We also have an international network of 14 Allianz-affiliated corporate foundations, who address social, environmental and cultural issues in local communities.

Allianz donates both money and resources to charitable causes. Our corporate giving is a combination of donations, grants and charitable memberships. For example, when natural disasters occur, we finance long-term projects in affected areas. We also offer donation programs for employees who want to contribute to aid efforts.



219,070
students
reached through
My Finance Coach

We aim to support and develop effective solutions to societal issues by engaging our employees in volunteering activities. Employees choose to donate their time and expertise, and this type of volunteering strengthens links with local communities, and helps individuals to develop their own skills. We offer different initiatives and programs, such as the globally-run "My Finance Coach" and "Social OPEX", as well as a range of local programs.

An Attractive Employer

Allianz values all employees and aims to be a diverse, fair and responsible employer. We work to attract, retain and nurture talent so that we can be confident that we have the best people.

We want high quality employees who have a positive impact on our business and our customers. We continually work



36.2%
female
managers

to create an environment that delivers opportunities for everyone, regardless of gender, ethnicity, age, religion, sexual orientation, (dis)ability, education or nationality.

To support our employees in their individual careers, we manage talent through performance reviews, development plans and training. Our corporate university develops the leadership and strategic skills of our executives, and we offer specialist training to our functional experts.

We offer a combination of monetary and non-monetary rewards. Many employees participate in our annual stock-purchase plan, plus company pension and deferred compensation plans, insurance and flexible working arrangements.

Engaged employees take pride in their performance and in offering good customer service. We use the Allianz Engagement Survey to gather employee feedback globally, and the Employee Engagement Index to measure employee satisfaction, loyalty, advocacy and pride.

The health and well-being of our employees is very important to us and so we have a comprehensive approach that addresses both physical and mental health. From Yoga classes to home office, we have many tools to manage work-related stress and support a good work-life balance.



A Sustainable Insurer

We offer products and services that foster economic development and support a low-carbon society. The prudent management of ESG issues presents a major opportunity to reduce risks for us and our customers.

Allianz's reputation is based on trust. This trust depends on the quality of our products, the way we advise customers, and on the personal conduct of our sales employees and representatives. We therefore have policies and procedures to ensure customers are treated fairly.

We incorporate environmental, social and governance (ESG) factors into all aspects of our insurance business, including risk management, underwriting processes, and product offerings.

Our growing portfolio of 'green' solutions helps commercial and retail customers alike to mitigate the negative effects of climate change, adapt to its impact or even manage their own environmental footprint. Examples include green building insurance and special tariffs for fuel-efficient cars.

> 150
'green'
solutions
offered



We also look to our growing base of emerging consumers in developing countries. Microinsurance offers them an affordable way of protecting against risks like natural disasters, accidents and illness. Products range from life insurance and savings plans to crop insurance, and premiums start from as low as €1 a year.



44.6 mn
microinsurance
customers

Financial illiteracy is common in countries with the highest microinsurance potential. We therefore invest in education to help these customers understand how insurance works.



A Responsible Investor

Allianz recognizes the responsibility we have as one of the world's largest investors. We seek sustainable investments and use our understanding of ESG issues to reduce risk in our investment portfolios.

We firmly believe that considering ESG factors in investment management – for our own as well as our customers' assets – is not a short-term trend, but will fundamentally change business over time.

Concerns about climate change are giving rise to new asset classes. Renewable energy is an attractive growth market as it provides stable long-term returns and contributes to greater portfolio diversification. Allianz is one of the world's leading investors, with a portfolio of wind energy and solar power in France, Germany, Italy and Sweden.



€ 117.4 bn
SRI Assets
under
Management



We integrate sustainable practices into our third-party asset management business.

We train employees on our sustainability approach and educate them on important ESG market trends. We also offer customers the possibility of investing sustainably through a range of Sustainable and Responsible Investment (SRI) funds.

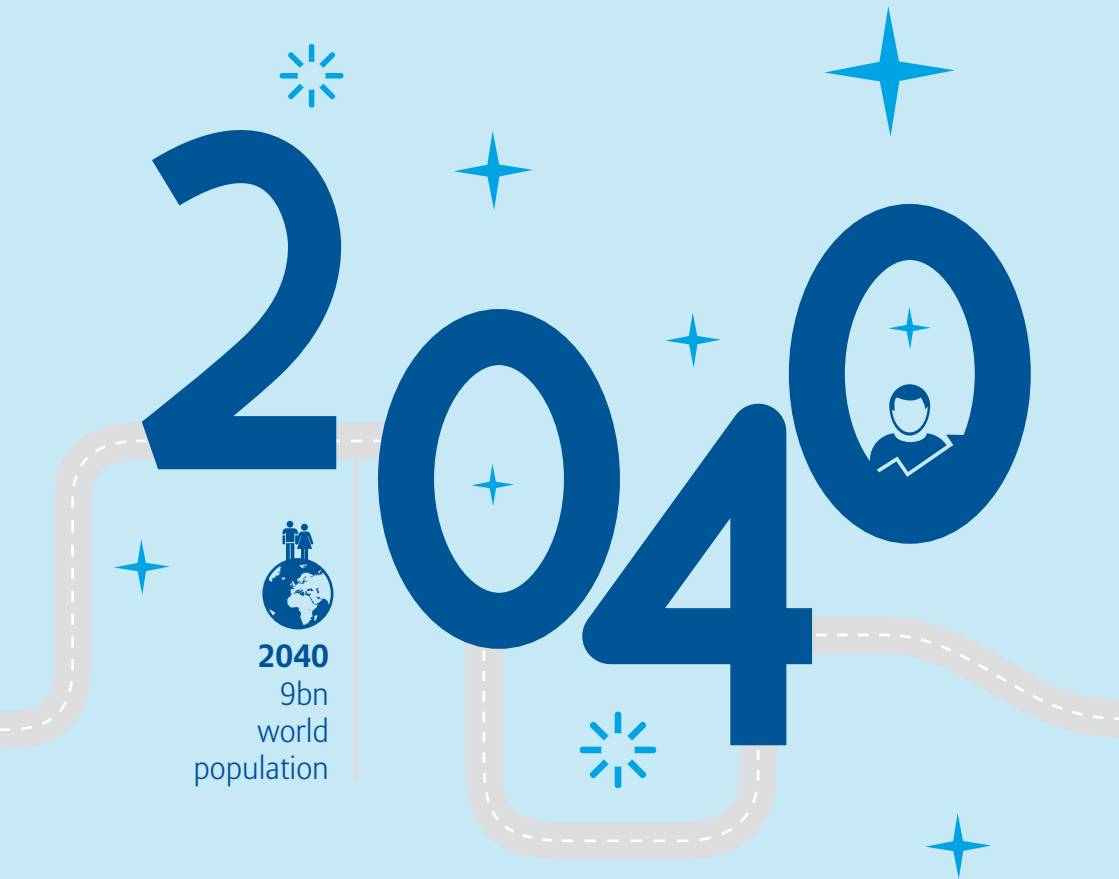
We also incorporate ESG factors into the investment of our own assets, which include premiums collected from our customers. These investments help us to meet the long-term liabilities that we have as an insurer.



> € 2 bn
invested in
renewable energy

Allianz is also an early investor in carbon projects in developing countries, which generate CO₂ certificates that we use to offset our carbon footprint. As only some of the certificates are required to ensure Allianz's carbon neutrality, the rest can be sold to generate a financial return.

We believe sustainability will have an impact on the value of real estate. We therefore assess the performance of our real estate portfolio in the context of ESG factors, such as energy consumption and carbon emissions.

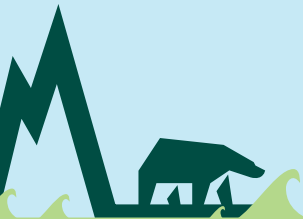



2040
9bn
world
population

The Future



What we do today will shape tomorrow. To create a sustainable future for ourselves and our customers, we have to tackle climate change, respond to changing demographics and give more people access to financial services. Allianz experts predict that in the future more individuals will move to cities and live greener lives, corporations will invest in public infrastructure and we will all do more to protect and educate the society's most vulnerable people.



Customer Conversion: Giving the emerging consumer a choice

Microinsurance provides financial protection to low-income people in developing countries and offers potential, untapped premiums of \$40 billion per year.¹



1 bn
microinsurance
customers²

These “emerging consumers,” who are in the lowest 60% of population income, are growing every year. However, if we are to reach out to them, we have to build distribution capabilities and offer suitable products.

We want to introduce customers with mandatory insurance, such as credit life, to new products that can be bought on a voluntary basis. This “customer conversion” means that as they start to earn more, they are still able to protect themselves from financial peril. It is a little bit like a ladder and with every rung we increase product coverage, sophistication and - of course - price.

Voluntary products give people choice and help to boost insurance literacy and awareness of different brands so customers will question what exactly they are buying, and from whom. As customers take control of their own financial protection, they become more secure and less dependent on the State to support them financially.

For Allianz, this provides entry into an untapped market and means that we can grow with our customers and provide the right insurance solutions for the future.

However it is a challenge to establish an infrastructure that enables customers to pay continuous premiums and receive claim payouts.

We currently have around four million micro credit life customers, and a first pilot has seen conversion rates of more than 5% from mandatory to first-rung voluntary products. This is still a learning journey for both the customers and for Allianz, but we have had an encouraging start and we are optimistic that we will be able to grow in this area.

E. Yoga Prasetyo

Emerging Consumers,
Allianz Life Indonesia



It's never too early to improve financial literacy

People need to take more responsibility for their own finances; managing their money to avoid debt today and to save for the future. It sounds straight-forward, but it's not.

There is still a general assumption that the State will provide support. Add to this that many adults don't understand financial matters, and you have a ticking time bomb of people who will spend their lives in debt and won't be able to afford care in their old age.



2015

£77,000 – Av. UK family debt⁶

The first step to tackling this is education, and it needs to start early. Studies³ show that few students are capable of making simple decisions about every day spending, and do not see the need to save money.

In the UK, there is public support for financial education in schools; but less than a third of primary schools offer it.⁴ New Zealand and the Czech Republic are two of the few countries that have a national strategy in place to improve financial literacy for young people, with impressive results.⁵

Elsewhere, corporations have been taking the lead in delivering comprehensive financial education.

My Finance Coach is a non-profit initiative for 11 to 16 year-olds, run with the support of over 60 companies, including Allianz. It arms young people with the tools to create a financially-stable future. The initiative runs in eleven countries across the world, reaching more than 550,000 pupils, and has further expansion plans.

The financial choices faced by the youth of today will be more challenging than for past generations, so we simply must teach them now to take responsibility for their own finances in the future.

Bettina von Jagow

Chairwoman,
My Finance Coach Foundation



Breaking down barriers to financial inclusion

Communities are becoming increasingly heterogeneous, with a mix of nationalities and cultures, religions, (dis)abilities, lifestyles and sexual preferences.



2037

Immigrants account for 43% of UK population growth⁹

Social inclusion is an important aspect of a well-functioning society, and that includes making sure the (basic) needs of minority groups are met, including access to financial services such as insurance.

However, the barriers that prevent people from using these basic services are widespread and include language, visual impairment, cultural or religious beliefs, income, level of education and health status.

There are laws in place to prevent discrimination, but they don't cover everything. It is therefore important that financial services providers take the initiative to remove the barriers, whether they be systematic or accidental.

Around 15% of the world's population, an estimated 1 billion people, live with disabilities, making them the world's largest minority⁷. With a little thought,

financial services can be made more accessible to these people through, for example, the use of Braille or screen readers to help the visually impaired, and by offering products that are tailored for specific physical or psychological conditions.

Translating insurance contracts into languages such as Turkish in Germany, Polish in the UK and Spanish in the U.S. will help migrants, who represent 3.2% of the world's population⁸. And microinsurance and modular products provide affordable cover for low-income customers.

These small changes to the service offering make a big difference to people who are otherwise left on the fringes of society.

With mobility increasing and the world getting smaller, the societal melting pot is going to be even more diverse than it is today and the need for financial inclusion will only become greater.

Serkan Kahraman

Project Manager
"We speak your language",
Allianz Beratungs- und
Vertriebs-AG



Bridging the Gap: Private financing for public infrastructure

2020
\$1.1 tr gap in
funding U.S.
infrastructure¹⁰



Public infrastructure is the backbone of societies and economies. Demand is constantly increasing alongside global economic growth, but also changing due to new technologies, environmental considerations, resource constraints, government policies and individual preferences. Examples are fast mobile communication networks, electricity networks capable of transmitting renewable energy from remote production sites to consumption centres, and LNG import/export facilities reflecting changes in indigenous gas production.

In the past, such public infrastructure was financed by governments and a number of corporate entities. However today, governments are cutting spending in order to reduce debt and budget deficits and, similarly, corporate entities are restructuring their balance sheets. This leads to a gap in the financing of public infrastructure.

Private investors, such as insurance companies, offer a solution to close this gap. Financing public infrastructure through private investors not only addresses the funding issue but also enables a risk transfer from the public

sector to private investors and a superior execution under private ownership. For the private sector, investments in public infrastructure offer higher absolute returns than a traditional bond portfolio and typically protect against loss of capital. The long-term nature of such investments is a good match for an insurer's asset-liability matching program, and also helps the overall diversification of the investment portfolio.

By funding public infrastructure, insurance companies such as Allianz play an important role not only in delivering essential services to communities but also in offering unique solutions for old-age provision for millions of customers.

In order to benefit from this win-win situation, a positive public perception of private investment in infrastructure is paramount and governments and regulators globally should develop policies that foster and facilitate more private investments.

Christian Fingerle

Chief Investment Officer,
Allianz Capital Partners GmbH



A global carbon price by 2030

A few countries will shape the future of the whole world. The biggest global polluters are China, the U.S. and Europe, but they have also taken first steps to tackle this.

Pricing carbon provides financial incentives to companies to reduce CO₂ emissions.

Carbon pricing in the EU covers around 40% of carbon emissions, China will implement a nation-wide carbon trading scheme in 2016 and the U.S. has a carbon trading scheme in several states.

Worldwide, around 40 countries already use some form of carbon pricing mechanism.¹¹ Emissions trading schemes put a cap on emissions and give an indication of how much it costs to make an industry carbon efficient. This is a more effective tool than putting a tax on carbon emissions, which imposes a fixed price but gives no guarantee that emissions are being reduced.

It is only a matter of time – maybe just two decades – until a global scheme emerges. Each new carbon trading scheme implemented has been better than the last. Japan improved on the

European model, and Australia's was the best yet (despite being suspended for political reasons).

To have a global model that really works, this has to stop being a political issue.

Introducing an independent institution that is designed to remove any risk of political favoritism – which was one of the reasons for the price crash in the EU carbon market - will create a level playing field and give long-term predictability so that companies can really start to change.

2100

3°C – Av. global temperature increase¹²

We need carbon pricing, and we will have it. By 2020, 60% of the world will have effective systems in place, and in 2030 we believe that customers, companies and governments will be ready to implement a global scheme.

Simone Ruiz-Vergote

Head of Climate
Advisory and Projects,
Allianz Climate Solutions GmbH



Consumer styles: greening the economy

Consumers are becoming “greener”, both because of a philanthropic drive to help the environment, and from a selfish desire to live better and save money. They believe that tomorrow will not mean “more”, but will be all about being “better!”

The problem of Climate Change seems so vast that people often wonder whether they can really make a difference.



2020

50% of household
waste recycled

But individuals are starting to realize that they can change the world, both through their own behavior and by using the power they have as consumers to demand “lower-carbon” products and services from corporations.

In the home, people are becoming more concerned about eating better, meaning organic, fewer chemicals and buying directly from local producers. Less transportation means less congestion and less pollution.

When it comes to mobility, ownership is being replaced by usage. Car-sharing and the private rent-a-car business have boomed, and the number one car sharing scheme in France now has more than five million members. The urban “fashionistas” are also increasingly making use of public fleets of Electric Cars and bicycles. The result is fewer traffic jams and a better carbon footprint.

Technology provides the means to reward “green” driving. In the future, Allianz will offer customers a device that provides feedback on the driver, and “good” drivers will pay a lower premium.

Green is no longer the preserve of “Tree-Huggers”, it’s becoming more fashionable. To really push it into the mainstream, governments need to offer more subsidies to environmentally-friendly homeowners, and/ or penalize those that aren’t. If small “green” acts are adopted by large numbers of people, they will have an immeasurable effect.

Henri de Poyen and Bruno Salleras

Digital and Market Management,
Allianz France



Who will shoulder the burden of an aging society?

For centuries, retired Italians have become “nonni,” looking after their grandchildren while the parents work.

However, problems start when the “nonni” are no longer active or independent. State-funded old age provision in Italy is insufficient, and so the family has to find a way to care for older relatives.

Only the wealthy, or those with good pensions, can afford nursing homes. Others are able to give up work and become a full-time caregiver. But for most this is not financially viable. These people must juggle the three days per month that they are legally able to take off work to care for a disabled parent, whilst paying for specialist caregivers to fill the gaps.

Thanks to the Baby Boomers, the burden of looking after the aged will become heavier, and responsibility will continue to shift from the state onto the individual.

This problem is not unique to Italy. People around the world face uncertainty during retirement because of overstretched state

systems. In Japan, Germany and Spain, people aged 65-plus are predicted to account for a third of the total population by 2050.¹³

There are solutions, but people have to think about it now, in order to protect themselves in the future. Private insurance and investment products provide support during retirement, and these are affordable if the customer starts early. In Italy, however, planning for a secure future is still not popular and tax benefits on these “socially-relevant” products are insufficient to adequately promote them. There needs to be a change of mind-set.



2050

Old-age-dependency ratio >70% in Italy, Spain and Japan¹⁴

The problem will not go away soon, and the pressure on social security systems will not ease. People simply must save more money when they are young, to pay for care in their old age.

Savino Dipasquale

Head of Life, Allianz S.p.A.



The future is urbanization

Urbanization is the accumulation of people moving from the countryside to the city.

In developed countries, 90% of people live in cities. In the developing world, it is only 50%, but countries such as China are actively trying to increase this. If the trend continues, within 25 years 90% of people worldwide will live in urban areas.



2030
5 bn - The world's urban population¹⁵

This is natural behaviour. Throughout history people have headed to the cities in search of jobs, healthcare, education and better standards of living. And it won't stop, although there will always be people who want to stay in the countryside.

Some people think this is a big problem, some don't. It depends on your perspective. For Allianz it is an opportunity because urbanization increases personal wealth, which needs protecting. In cities there are more cars and more accidents, so people realize the need to insure. In China, car insurance has increased from 7% of non-life premiums in 2000 to 45% today.

Cities also offer greater access to education, so there is better financial literacy and understanding of insurance. However, city-dwellers are more vulnerable and dependent on the infrastructure than in the countryside.

If there was a power blackout in a megacity such as Shanghai, it would be a nightmare. This is an under-estimated risk - not for insurers, but for society.

People need somewhere to live, but can cities build fast enough, and be resilient enough? As megacities expand into flood plains, exposure to natural catastrophes increases. This could be a problem if the insurance industry doesn't have the capacity to cover all exposure or doesn't price properly, but we think this is manageable. Prudent and disciplined underwriting should help to avoid surprises!

Markus Aichinger

Global P&C Cat Management,
Allianz SE



Borders are blurring and migrant numbers rising

Migration has many faces; from the flow of refugees seeking shelter, to the sought-after Indian IT-specialist, or the student travelling to gain life and work experience.

By the end of 2013, worldwide more than 232 million people lived abroad.¹⁶ With people becoming more mobile, the number of immigrants in North America and the EU increased from 7.2% of the population in 1990 to 10.8% in 2013.¹⁷ The total number of immigrants in the 34 countries of the OECD amounts to more than 115 million.¹⁸

The main drivers for permanent migration are family, utilizing free movement and work as well as humanitarian or political reasons. Destination countries are chosen primarily on immigration policies, living standards and labor market conditions.



2050

Immigrants account for 60% of U.S. population growth¹⁹

In certain regions, national borders are becoming blurred and have been replaced by new and bigger ones. ASEAN in Asia, Mercosur in South America, and the EU, allow for relatively free movement within their borders. But, there is an increasing tendency to fight illegal immigration and countries, especially those with relatively stable or growing populations, are becoming more selective. Most want skilled professionals to fill local gaps.

Immigration flows are very volatile.

One thing is sure though: with the working-age populations of most industrialized countries destined to shrink, the competition for qualified immigrants will increase.

Michaela Grimm

Group Economic Research,
Allianz SE



External recognition

Dow Jones Sustainability Index

Allianz is again included in the Dow Jones Sustainability Index 2015 and is recognized as one of the sustainability leaders globally. We were awarded the RobecoSAM Silver Class.

MEMBER OF
Dow Jones
Sustainability Indices
 In Collaboration with RobecoSAM



FTSE4Good

Included since 2001, Allianz is one of the long-standing members of the FTSE4Good Index series. In 2014 we were ranked as the sector leader.



Carbon Disclosure Project

Allianz is included in the global Carbon Disclosure Leadership Index in 2014.



oekom

Allianz is again awarded Prime status, ranking us among the world's best companies.



References

- 1 SwissRe Sigma (2010)
- 2 United States Agency for International Development (2010)
- 3 OECD PISA Student Assessment (2012)
- 4 Personal Finance Education Group (2014)
- 5 Organisation for Economic Co-operation and Development (OECD) (2014)
- 6 The Office for Budget Responsibility (2014)
- 7 World Health Organization (WHO)
- 8 UN Populations Division, Dept. of Economic and Social Affairs, 2013
- 9 The Migration Observatory: The Impact of Migration on UK Population Growth (2014)
- 10 American Society of Civil Engineers (2013)
- 11 The World Bank
- 12 Intergovernmental Panel on Climate Change (IPCC).
- 13 UN Department of Economic and Social Affairs
- 14 Organisation for Economic Co-operation and Development (OECD) (2011)
- 15 Swiss Re (2013) www.swissre.com/media/news_releases/nr_20131031_sigma_urbanisation.html
- 16 Cf. UN, Department of Economic and Social Affairs (2013).
- 17 Cf. UN, Department of Economic and Social Affairs (2013). Trends in International Migrant Stock, database.
- 18 Data refers to 2012. Cf. OECD (2014): International migration outlook 2014.
- 19 Americas Quarterly

Imprint

Copyright © Allianz SE 2015

Publisher

Allianz SE
Allianz4Good
Königinstraße 28
80802 Munich
Germany
www.allianz.com
sustainability@allianz.com

Project responsibility

Allianz SE – Allianz4Good

Art direction

heinrich+gretchen GmbH
www.heinrichundgretchen.com

Images

Allianz

This Booklet is printed on RecyStar® Polar which is 100% recycled and FSC®/ISO14001 certified paper.



We would like to thank all of our colleagues and partners who have helped us to create this Booklet.

Further information on Sustainable Development at Allianz can be found at www.allianz.com/sustainability

Cautionary note regarding forward-looking statements

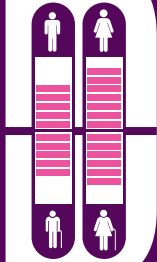
The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The company assumes no obligation to update any forward-looking statement.

Closing date 26 February 2015

**ACCESS TO
FINANCE**



**DEMOGRAPHIC
CHANGE**



CLIMATE CHANGE